



Opportunity Zones

Economic Development Committee

May 23, 2019

City of Charlotte Economic Development

April 18, 2019



AGENDA

- Key Terms (review)
- Federal Guidance Update
- City's Role (review)
- Next Steps
 - Community engagement
 - Incentives
 - Website

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OPPORTUNITY ZONES – KEY TERMS

- Opportunity Zone (OZ)
 - Census tract certified by US Treasury to receive private investment through Opportunity Funds
- Qualified Opportunity Fund (QOF)
 - Investment mechanism organized as a corporation or partnership (which can include LLCs) for the purpose of investing in Opportunity Zone property
 - At least 90% of funds must be investment in Qualified Opportunity Zone Property
- Qualified Opportunity Zone Property/Business
 - Stock or partnership interest in a business within an Opportunity Zone
 - Tangible property acquired after 12/31/2017
 - No "sin" businesses
 - Golf course, country club, massage parlor, tanning salon, race track/gambling, off premises alcohol sales



OPPORTUNITY ZONES – FEDERAL GUIDANCE

- IRS issued initial guidance in October 2018
 - Focused on investors and tax implications
 - Comment period closed December 2018
 - Public hearing on February 14, 2019
 - First tranche of guidance created uncertainty and questions regarding interpretation and administration from the US Treasury
- UPDATE: Second tranche of guidance released April 17, 2019
 - 60-day public comment period through July 1, 2019)
 - Public hearing scheduled for July 9
 - Created flexibility for investment in businesses and start-ups
 - Clarified consideration of leases as Qualified Opportunity Zone Property (including ground leases)
 - Detailed treatment of unimproved land



OPPORTUNITY ZONES – FEDERAL GUIDANCE

- Pending legislation to:
 - Extend OZ benefits to limited tracts to assist in disaster recovery
 - Extend deadline to invest in OZ Fund & receive max 15% benefit
 - Impose reporting requirements to address social impact from Opportunity Fund Investments
 - Would provide Treasury with information about:
 - Impact and outcome of OZ Fund investments, including job creation, poverty reduction, new business starts, among others required by the Secretary
 - Funds would be required to report:
 - Total amount invested by an OZ Fund
 - Type of investment (existing business, new business, real estate development)
 - Location of the business/property
 - Number of jobs created
 - Total square footage and number of residential units
- Third tranche anticipated to focus on abuse measures – timing TBD



OPPORTUNITY ZONES – WHAT'S OUR ROLE?

- Act as a conduit information for the community, developers, businesses, and Opportunity Funds
- Connect development projects and Opportunity Funds
- Target strategic developments or areas
- Create strategies to market specific areas within the Opportunity Zones to developers and investors
- Align public investment in Opportunities Zones to leverage private investment to maximize impact and create opportunities for upward mobility for area businesses and residents



OPPORTUNITY ZONES – NEXT STEPS

- ✓ Review existing tools programs and identify gaps
 - ✓ Business investment program
 - ✓ Tax increment grants
 - ✓ Corridor revitalization grants
 - ✓ Permitting process
- ✓ Create strategy to layer incentives for specific projects based on compatibility with community goals
 - Land banking
 - ✓ Express permitting process
 - ✓ Housing Trust Fund
 - Investment prospectus (in progress)
- Create advisory/implementation team to coordinate the City's strategy
 - 9-11 members
 - Invitation letters will be sent out next week



OPPORTUNITY ZONES – NEXT STEPS

- Partner with other agencies (LISC, Federal Reserve, Knight Foundation, community stakeholders, etc.) to host "convenings" to facilitate conversations between neighborhoods and prospective developers and/or investors to maximize positive outcomes
 - ✓ 1st event was May 3rd and 4th in Historic West End (JCSU)
 - 2nd event anticipated for late Summer
- ✓ Launch a City of Charlotte Opportunity Zone website
 - www.charlottenc.gov/opportunityzones
- Enhance website to facilitate connections between Opportunity Funds and Qualified Opportunity Zone Projects (in progress)
- Create reporting metrics to assess impact of Opportunity Fund investments in Charlotte (recently added)



OPPORTUNITY ZONES – NEXT STEPS

Opportunity Zones

What are Opportunity Zones?

An Opportunity Zone is an economically-distressed community where new, long-term investment in property or businesses may qualify to receive tax incentives. U.S. Congress created the Opportunity Zone program in the Tax Cuts and Jobs Act of 2017.

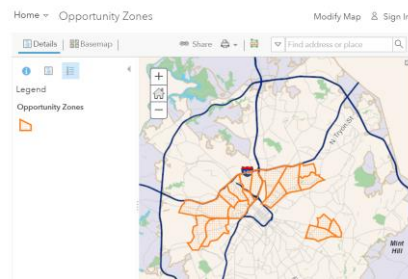
Where are the Opportunity Zones?

The U.S. Department of Treasury certified 252 census tracts* in North Carolina. Seventeen of those census tracts are in Charlotte. The Enterprise Opportunity 360 Measurement Reports provide more in-depth information about each Opportunity Zone in Charlotte.

(*Census tracts are small, statistical subdivisions of a county or similar entity created to help provide a stable set of geographic units for the presentation of statistical data.)

The map below identifies Opportunity Zones in Charlotte. Click on each Opportunity Zone to view detailed information about the area.

View the Opportunity Zones map in a new window or on your mobile device.



Key Opportunity Zones in Charlotte include:

East Charlotte

The Eastland Area Plan established a vision for Eastland Mall and the surrounding area defined by a unique town center, attractive mixed-use corridors and distinct gateways. A new development plan is underway for the mall site which will transform the site into a more vibrant destination that spurs economic activity and acts as a community hub that serves East Charlotte and beyond.

North End and North Tryon

North Tryon connects Uptown Charlotte to the University of North Carolina-Charlotte and includes established neighborhoods such as Druid Hills, Lockwood, Sugar Creek and Tryon Hills. The area bound by Statesville, North Tryon, I-85 and Sugar Creek, also includes major initiatives like the North End Smart District and Camp North End. The area's proximity to the LYNX Blue Line also creates transit-oriented development opportunities along North Tryon Street. There are multiple infrastructure and transportation initiatives underway in the North Tryon Area including the Cross Charlotte Trail, Applied Innovation Corridor and the Northwest Corridor infrastructure. These projects represent a total of \$173 million in public investment.

Wilkinson/Airport/Future Silver Line

Charlotte Douglas International Airport (CLT) is a major economic engine contributing \$23 billion in annual economic output, \$1.1 billion in state/local taxes and 132,330 jobs for N.C. residents. With major planned development surrounding CLT's gateway entrance on Wilkinson and the future Charlotte Area Transit System (CATS) Silver Line, this area is set to transform with opportunities for community-driven investment in aviation, logistics, retail, hospitality and office.

Freedom Drive

Freedom Drive is a major transportation corridor from Uptown to I-85. The area has seen an increase in commercial redevelopment activity, and investment in the established neighborhoods - such as Wesley Heights, Bryant Park, Enderly Park and Ashley Park - that line the corridor. Current infrastructure investments underway in this area include Ashley Rd sidewalks and the Tuckasee/Berryhill/Thrill Rd roundabout.

West Trade/Beatties Ford

West Trade/Beatties Ford Road is a historic corridor that includes several established communities, educational anchor institutions such as Johnson C. Smith University, Northwest School of the Arts and West Charlotte High School, and prominent cultural and civic assets. The corridor is poised for high growth with the construction of Phase II of the LYNX Gold Line, a \$150m streetcar investment. West Trade/Rozzells Ferry CNIP will also bring \$20m in public investment in new streets, infrastructure and a new plaza at the Five Points intersection.

Rozzells Ferry

Rozzells Ferry is located just northwest of Uptown, close to the West Trade/Beatties Ford Road corridor. The area has seen recent investment in office, neighborhood-serving retail, streetscape and greenway connections. As part of the West Trade/Rozzells Ferry CNIP, Rozzells Ferry Road will be improved to provide a pedestrian-friendly streetscape and a safe connection to the CityLYNX Gold Line station.

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OPPORTUNITY ZONES – NEXT STEPS

MD OZ Information Exchange

Select Listing Type: All Industry: All Jurisdiction: All

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Opportunity Zone Listings

- Middle River Depot Project - Mix
- 1,539 Acres Parcel, Zoned High-Intensity Mixed Use in Lexington Park, MD Project - Mix
- 102 W. Potomac Street - Brunswick Project - General
- 108.41 Acres Parcel Zoned High-Intensity Mixed Use in Lexington Park, MD Project - Mix
- 1100 Wicomico Project - Office
- 1231 Tech Court Project - Office
- 17,798 Acres Parcel Zoned Limited Commercial Industrial in Lexington Park, MD Project - Retail
- 1787 Capital Fund - Mix
- 1812 Greenmount Project - Mix
- 2.21 Acres Parcel, Zoned High-Intensity Mixed Use in Lexington Park, MD Project - Mix
- 2.34 Acres Parcel Zoned High-Intensity Mixed Use in Lexington Park, MD Project - Mix
- 2.59 Acres Parcel Zoned High-Intensity Mixed Use in Lexington Park, MD Project - Mix

Info. Exchange Listings

Name: Perkins, Somerset, and Old Town Redevelopment

Listing Type: Project

Description: Perkins, Somerset and Old Town Redevelopment comprises of the redevelopment of 629 existing public housing units and the addition of 693 new mixed income units. The long-term vision of the PSO Transformation Plan is to transform Perkins Homes and the surrounding community into a Community of Choice that is inviting, promotes resident pride and unity among neighbors, and is integrated into the surrounding area—a new model for a 21st century urban neighborhood.

Address: 1500 BANK ST, BALTIMORE, MD 21231

Jurisdiction: Baltimore City

Contact Information: Margaret Webster Margaret.Webster@habc.org

Listing Contact Information

Name: Middle River Depot

Listing Type: Project

Description: Middle River Depot (2000 & 3000 Eastern Boulevard) - Mixed Use Redevelopment; 65 Acres & 2 Million Square Feet

Address: 2800 & 3000 Eastern Boulevard, Middle River, Maryland 21220

Jurisdiction: Baltimore

Contact Information: Evan Gallant egallant@blueocean.com www.blueocean.com

Aviation Station - 03/21/2019.jpg

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